

**Date:** Thursday, February 23, 1995  
**Subject:** Phoenix Mining Company - S/001/034

MEMO TO FILE:

**PHOENIX MINING COMPANY, MILFORD COPPER TAILINGS PROJECT - S/001/034**

At approximately 10:30AM, February 23, 1995, Wayne Hedberg and Tom Munson of the Minerals staff met briefly with representatives from Phoenix Mining Company (PMC) at the Milford Station Restaurant, Milford, Utah. This was an unscheduled meeting that occurred just prior to our performance of a scheduled joint BLM/DOGM inspection of Centurion Mining Company's O.K. Mine Exploration Project.

We met with Ben, Mike and Jim Terry of PMC and Mr. Mike Patty, principal financial backer for PMC's Milford Copper Mill Tailing Project. Ben Terry and Mr. Patty expressed their concern and frustration with the recent confusion created over the actions of Mr. Dale Rogers and PMC's Milford tailings copper project. Mr. Rogers apparently was the "middle man" who initially brought the Terry's and Mr. Patty together to get the local copper mill tailings mining venture under way.

Mr. Rogers stopped into DOGM's office earlier that week and discussed his personal interest in the Essex Copper Mill tailings site. He spoke with Wayne Hedberg (and SITLA personnel) about acquiring the state Mineral Lease for this site. He also requested information from DOGM on how he could reach Mr. Sheridan, the Canadian surface land owner of the Essex mill site. He indicated that the Terry's had apparently failed to make the required lease/rental(?) premiums to Mr. Sheridan beyond the initial \$6000 payment (\$6,000/mth - 36 mths.??). He indicated that PMC had now removed the salvagable scrap materials from the millsite and had burned down one or two buildings/structures (welding/cutting related accident) in the process. He stated that the Terry's had run up a \$600,000 debt in Utah and had spent \$100,000 on the mill site to date. He believed there were no structures or equipment left of any value and considered the site a considerable liability until the contaminated areas were properly remediated. He indicated if he acquired rights to the property, he would be willing to work with the state regulatory agencies and the EPA in performing whatever clean up actions were determined necessary. He was also interested in reprocessing the copper tailings for the remaining metal values.

Mr. Patty indicated that he had hired a local legal firm (Jones, Waldo, Holbrook & McDonough??) in response to recent actions involving Mr. Rogers. He stated that they had met with Mr. Rogers and legal counsel the day before and hoped that an equitable arrangement could be worked out in the near term. His attorney assured him that previous federal court decisions have clearly determined that the surface land owner would have the primary right to the surficial tailings material located at the Essex Copper millsite. He indicated that they were intending to continue to work with the state and EPA (meeting forthcoming) to develop a cleanup plan for the site.

Ben Terry indicated PMC hoped to set up and initiate their wet magnetic separation circuit soon to start processing a portion of the copper tailings to extract the magnetite portion. He indicated that Ashgrove Cement has expressed an interest in purchasing the magnetite for their cement manufacturing operations. I asked him to check his existing SMO application to make sure he is permitted to perform this work. They may want to start developing the leaching plans for the tailings in the near future as well. I asked Mr. Terry to please call and arrange an appointment to discuss same, before they initiate these activities. He agreed to do so. He also acknowledged they were presently active on their Million Dollar Gulch - Bromide Basin small mining placer project in the Henry Mtns.